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ABSTRACT

This report reviews the Exceptional Student Education Programs administered by the Florida Department of Education. Findings of the review indicate: (1) during the 1995-96 school year, Florida spent 1.75 billion for special programs, services, and facilities to serve 368,710 students with disabilities; (2) the number and percentage of children served in exceptional student education programs and the cost of serving those children is increasing both in Florida and nationally; (3) two of the major factors contributing to the increase in Florida's exceptional student population are rising educational expectations and the increasing number of children living in poverty; and (4) Florida school districts vary in their use of the exceptional education program. Recommendations are provided that urge the Department to continue to develop performance measures and standards for exceptional education programs, to implement a new method for allocating exceptional education funding to school districts, and to continue to provide districts with technical assistance on the placement and categorization of exceptional students and closely monitor district performance. (CR)

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THE FLORIDA LEGISLATURE

Report No. 96-83

Office of
Program Policy Analysis
And Government Accountability

John W. Turcotte, Director

April 1997

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Review of the Exceptional Student Education Program Administered by the Department of Education

ED 426 541

Abstract

- **During the 1995-96 school year, Florida spent approximately $1.75 billion for special programs, services, and facilities to serve 368,710 exceptional students. If these students' needs could have been met without exceptional education programs, their education would have cost approximately $665 million, or $1.08 billion less.**
- **The number and percentage of Florida children served in exceptional student education programs and the cost of serving those children is increasing both in Florida and nationally.**
- **Research indicates that two of the major factors contributing to the increase in Florida's exceptional student population are rising educational expectations and the increasing number and percentage of Florida children living in poverty.**
- **Florida school districts vary in their use of the exceptional education program. The Department of Education has not evaluated the cost-effectiveness of different district approaches to serving exceptional students. However, the Department has begun development of a system to evaluate the effectiveness of the exceptional student education program.**

  The Department has expressed concerns that some districts are not serving exceptional students in the least restrictive manner. To address these concerns, the Department has recommended changes in the distribution of funds for exceptional education programs.

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Purpose

The Joint Legislative Auditing Committee directed the Office of Program Policy Analysis and Government Accountability to review the exceptional student education programs administered by the Department of Education and 67 school districts. The objectives of the review were to:

- Identify changes in the number and percentage of exceptional students served by the program and the costs of serving those students;
- Determine causes for changes in the number and percentage of exceptional students; and
- Determine whether districts varied in their use of the exceptional education program and illustrate the effect of district variation on program costs.

Background

Program Design

School districts design exceptional student education programs to serve children who have special learning needs. In Florida, exceptional students include children through age 21 who have physical, mental, emotional, or learning disabilities as well as children who are gifted. Exhibit 1 shows the categories and numbers of students served by Florida's exceptional student education programs.

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Exhibit 1
Exceptional Student Education
Growth in Student Population, Fall 1988 to Fall 1995

Exceptionality Category [1]	1988	1995	Growth
Educable Mentally Handicapped	15,733	24,670	57%
Trainable Mentally Handicapped	5,943	7,719	30%
Physically Handicapped	2,929	5,794	98%
Physical and Occupational Therapy	824	602	-27%
Speech, Language and Hearing	63,194	85,232	35%
Visually Handicapped	791	909	15%
Emotionally Handicapped	18,257	24,666	35%
Specific Learning Disabled	78,286	122,493	56%
Gifted	53,972	83,331	54%
Hospital and Homebound	1,327	2,102	58%
Profoundly Handicapped	6,079	11,192	84%
Total	**247,335**	**368,710**	**49%**

[1] The 11 categories represent 15 programs funded under the Florida Education Finance Program (FEFP). The FEFP provides separate funding categories that have both full-time and part-time programs. These categories are: Speech, Language and Hearing, Visually Handicapped, Emotionally Handicapped, and Specific Learning Disabled categories.

Source: Florida statutes

Except for the program serving gifted students, federal law drives Florida's exceptional student education program requirements. The Individuals with Disabilities Act (Public Law 94-142) requires states to develop educational programs that will provide disabled children with the opportunity to receive appropriate special education and related services. It requires states to develop procedures for identifying all disabled students and providing those students with a free appropriate public education.[1] In addition, the Act requires that disabled children be served in the least restrictive environment. Thus, whenever possible, schools must educate disabled children in regular classrooms with their non-disabled peers.

Program Administration

Within Florida, the Department of Education and the state's 67 school districts share responsibility for planning and implementing the exceptional student education program. The Department develops and proposes rules governing district programs. The State Board of Education adopts as administrative rules those Department proposals the Board considers appropriate. The Department monitors the programs on a four-year cycle for quality and compliance with state and federal requirements, and provides technical and staff development assistance to districts upon request. Local school districts implement exceptional student education programs by identifying students eligible for these programs and providing services to meet the individual needs of those students.

School districts identify students eligible for special education programs using criteria and procedures adopted as rules of the State Board of Education. All such rules are in accordance with federal requirements. The criteria describe the characteristics of students who are eligible for exceptional student education programs. The procedures describe the steps districts must follow to identify and place these students in these programs. These procedures require teachers to try alternative educational strategies, such as changing schedules, teachers, or instructional techniques, to address student needs in regular classrooms before referring those students for exceptional education evaluations. If those strategies are not effective, teachers may then refer the students to be evaluated for eligibility for exceptional student education programs. Multi-disciplinary teams review the students' records

[1] The disabling conditions defined by the federal law include mental retardation, hearing or language impairments, visual impairments, severe emotional disabilities, learning disabilities, and physical disabilities

and either refer students back to the teachers for additional strategies or direct that formal evaluations be performed. Parents must agree to have their children evaluated.

During the formal evaluation process, students take one or more diagnostic tests. A second team comprising at least three educational professionals (i.e., teachers, counselors, psychologists) reviews the test scores and other information about the student to determine whether the student meets the criteria for and would require special services to benefit from placement in an exceptional student education program. The student's parents are encouraged to participate in the decision-making process and the district cannot place the student in the ESE program without the parent's permission. The district's exceptional student education administrator reviews the team's recommendation. If the administrator approves the eligibility, this team of educational professionals then meets with the student's parents to develop an individualized education plan (IEP) for meeting the students' needs.

School districts use a wide variety of settings to provide services to meet the needs of exceptional students. These include providing exceptional education services in regular classrooms, separate resource rooms or classrooms, separate day schools, residential schools, hospitals, homes, or other non-educational settings. Districts, with input from parents, determine which of these settings will provide students appropriate educational opportunities in the least restrictive environment in accordance with the student's IEP. Some students receive exceptional education services part time and spend the rest of their school day in a regular classroom. Others receive exceptional education services full time.

Funding

During the 1995-96 school year, Florida spent $1.75 billion in federal, state, and local funds to serve 368,710 exceptional students. In order to benefit from their education, exceptional students need special programs, facilities, and services that are not available in basic education programs. Those special programs, facilities, and services are expensive. If these students educational needs could have been met without exceptional education programs, their education would have cost approximately $665 million or $1.08 billion less.

Most ESE students are served in the ESE Program on a part-time basis. The 368,710 students enrolled in Florida's ESE Program during 1995-96 school year amounted to only 177,039 full-time equivalent students (FTE) for funding purposes.[2] Data in Department of Education Program Cost Reports for 1995-96 show that the average cost of educating one FTE in the ESE Program ($9,877) was 2.5 times the cost of educating one FTE in the basic education program ($3,973). This factor is consistent with comparisons of ESE and basic program costs nationwide.

State general revenue and local property taxes are the primary sources of funds for education programs in Florida, including exceptional student education programs. The Department of Education distributes these funds to school districts by means of the Florida Education Funding Program (FEFP). Under FEFP, each district projects the number of FTE it will serve in each program. In the annual General Appropriations Act, the Legislature approves a cost factor for each program and also sets a base funding allocation for each full-time-equivalent student. The amount allocated for a district program is the product of the number of FTE the district is expected to serve in that program, the program's cost factor, and the base student allocation. The actual amount a district receives for a program is based on the number of students served by the program.

To determine how much of each district's costs will be funded from state or local sources, the Legislature determines how much general revenue is available for education programs and how much needs to be raised from local taxes. It then sets local property tax rates for education accordingly. The Department of Education distributes state funds to provide the difference between the anticipated cost of each district's educational programs and the amount of local property taxes that district will collect. In school year 1995-96, districts expended approximately

[2] A full-time equivalent student generally equates to one student enrolled in a program for 25 hours per week.

$982 million program from state funds and approximately $649 million from local sources for exceptional student education programs.

In addition to state and local funds, Florida receives federal funds for the exceptional student education program. Most of these funds come from entitlement programs authorized by the Individuals with Disabilities Education Act. In fiscal year 1995-96, Florida school districts expended approximately $117 million in federal funds for the exceptional student education program.

exceeded the adjusted FEFP revenue by 19%. In other words, districts spent $119 from state and local resources in 1995-96 to pay the costs of ESE programs for every $100 in FEFP funds they received for those programs. This expenditure in excess of FEFP revenue demonstrates the districts' commitment to meeting the special needs of ESE students and contradicts the idea that districts place students in ESE in order to receive additional FEFP funds.

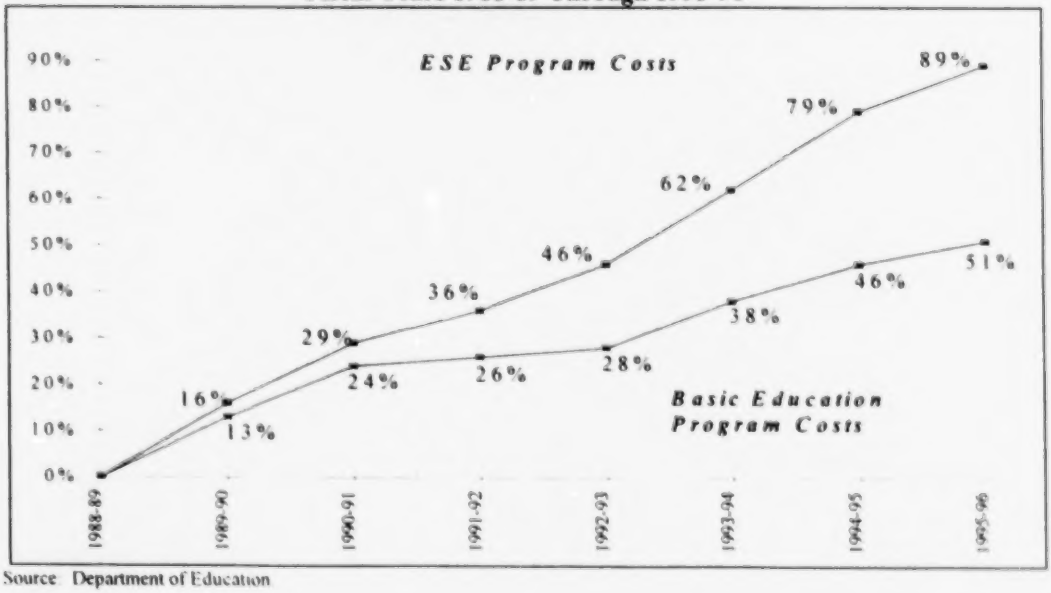
Findings

Florida's exceptional student education population and program costs are growing faster than the population and costs of basic education programs.

Florida's expenditures for the exceptional student education program are increasing at a faster rate than the expenditures for basic education programs. Between 1988-89 and 1995-96, Florida's expenditures for the exceptional student education program grew by 89%. During that same period expenditures for basic education programs grew by 51%. (See Exhibit 2.)

However, exceptional education expenditures per student remained relatively constant between 1988-89 and 1995-96 when adjusted for inflation. This indicates that increases in ESE costs are not attributable to enhancements in the program. Instead, most increases appear to be directly attributable to increases in enrollment and the inflation factor.

Exhibit 2
ESE Costs Have Grown Faster Than Basic Education Program Costs for Fiscal Years 1988-89 Through 1995-96



Source: Department of Education

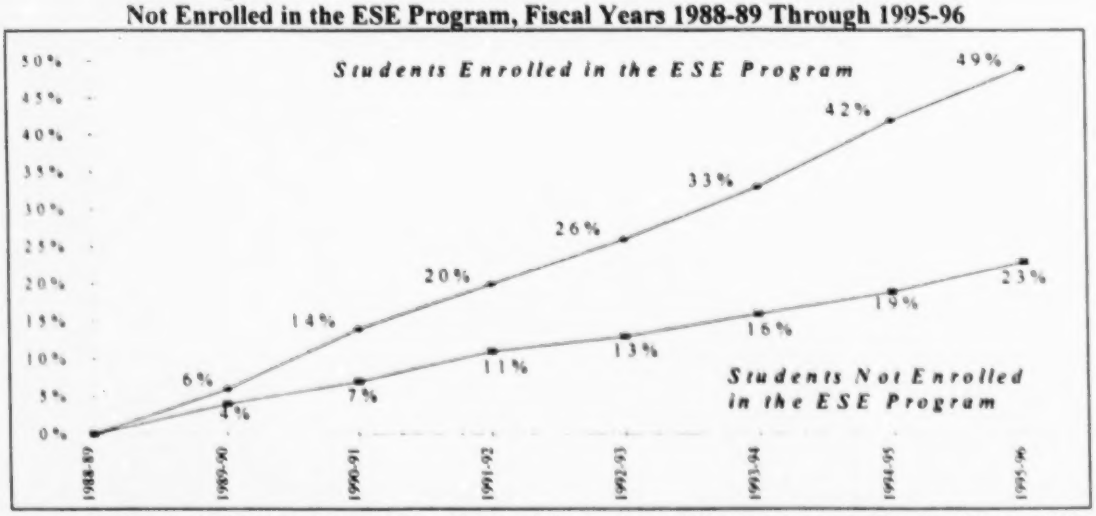
The primary contributing factor to the increase in the cost of Florida's Exceptional Student Education Programs has been the increase in the number of students participating in the programs. Exhibit 1 on page 2 shows that from 1988-89 to 1995-96 the number of students enrolled in exceptional student education programs in Florida increased from 247,335 to 368,710 (49%).

In contrast, over that same period the number of students not enrolled in exceptional student education programs increased from 1,473,595 to 1,806,523 (23%). Exhibit 3 compares the annual percentage of growth of the ESE population with the percentage of growth of the student population not enrolled in ESE from 1988-89 through 1995-96.

The growth in Florida's exceptional student population reflects national trends. Between fiscal years 1985-86 and 1991-92, the number of students served in ESE programs nationwide increased twice as fast as the number of students not served in ESE programs. However, Florida's exceptional student population has grown faster than the nation's, and Florida serves a slightly higher proportion of disabled students in the exceptional student education program. In 1994-95, approximately 9% of Florida's students were served in the exceptional student education program, while the national average was approximately 8%.

Although the number of students placed in the ESE Program is rapidly growing, it is important to note that placement decisions are not made easily or arbitrarily. Federal and state laws, rules, and regulations discourage placement of students outside the regular classroom. District procedures for placing disabled children are based on federal laws and regulations and must be reviewed and approved by the Department of Education. Placement of gifted students is based on state laws and administrative rules. The Auditor General reviews documentation of ESE student placements during district audits to ensure fiscal accountability and see that districts are not getting funds to which they are not entitled. The Auditor General can recommend reducing ESE program funding if the district has not documented that it has followed the prescribed procedures.

Exhibit 3
ESE Population Growth Rate Is More Than Twice the Rate of Students Not Enrolled in the ESE Program, Fiscal Years 1988-89 Through 1995-96



Source: Developed by the Florida Legislature, Office of Program Policy Analysis and Government Accountability from data provided by the Department of Education.

Rising expectations for public education and increases in the number and percentage of children living in poverty contribute to the growth of enrollments in exceptional education programs.

Although other factors (e.g., advances in infant's medical care, drug abuse, etc.) have contributed to growth of the ESE student population, two major factors that have contributed to that growth are:

- The rise in the educational expectations coupled with an increased awareness and acceptance of exceptional student education programs, and
- The increase in the number and percentage of students living in poverty.

As more people realized that a good education is key to future economic success, expectations for the public education system have risen. These rising expectations have resulted in a number of education reforms designed to lower dropout rates and improve student performance. They also have led parents and teachers to identify students who are not performing up to expectations and to refer these students for special assessments. Attention is focused on getting needed help for students who are not doing well in school. As more students are assessed, the numbers of students found eligible for special education programs increases. School district staff we interviewed indicated that as non-ESE teachers get more experience and in-service training about ESE students they become more proficient in identifying children with special needs and referring those students for assessment.

In addition, the number of children living in poverty in Florida has increased. This increase reflects the growth in the number of Florida students eligible for the free lunch program. From 1989 to 1995 the number of students eligible for free lunches in Florida's public schools increased by 78%.

Research frequently shows that children living in poverty are more likely than other children to be placed in exceptional education programs serving disabled students. A recent University of Florida report indicated that, during the 1993-94 school year, Florida elementary students whose family incomes were below the poverty level were 41% more likely to be enrolled in exceptional education programs than were students whose family income was above the poverty level.[3]

Researchers believe that the increase in the number of children living in poverty contributes to the growth in the number of disabled children eligible for exceptional education programs for two reasons. First, the conditions associated with living in poverty can increase the rate at which children experience developmental delay. Secondly, poverty frequently relates to other social and environmental problems that put children at risk of being disabled. These problems include substance abuse among pregnant women and the incidence of low birth-weight babies. While these problems cross socio-economic groups, they are more prevalent among people living in poverty.

School districts vary in their use of the Exceptional Education Program. Although this variation may result from varying demographic characteristics of their student populations, it may also result from differences in district approaches and the way they use programs to meet student needs.

Florida school districts vary in the extent to which they place students in exceptional education programs. In 1994-95, the percentage of students the 67 districts placed in exceptional education programs ranged from 11% to 25%. Some of this variation is due to differences in the demographic characteristics of students served by different districts. To determine how much variation exists in the exceptional student placement rates in counties with similar student populations, we studied three large districts (Duval, Orange, and Palm Beach) and four medium-sized districts (Alachua, Collier, Osceola, and St. Lucie) that had similar demographic characteristics.[4] Exhibit 4 shows that those districts differ in the percentage of students they place in exceptional education programs for disabled students.

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[3] University of Florida's Evidence-Based Outcome Evaluation, Third Party Evaluation of Florida Prevention, Early Assistance, and Early Childhood Act, 1995

[4] The selected districts were the only districts that had minority population percentages within 10% of the state average and in which the percentage of students living in poverty was within 5% of the state average

Exhibit 4
Students With Disabilities and
Gifted Students in the Student Population[1]
Varied Among Similar Districts in 1994-95

District	Students With Disabilities	Gifted Students
Medium Student Population = 24,000 - 29,000		
Alachua	3,920	2,189
Collier	3,696	633
Osceola	3,032	418
St. Lucie	3,264	923
Large Student Population = 118,000 - 128,000		
Duval	18,593	3,315
Orange	14,498	3,772
Palm Beach	16,816	5,567

[1] These differences in populations served may, to some extend, result from a district serving students from adjacent districts in ESE programs under multi-district agreements.

Source: Developed by the Florida Legislature, Office of Program Policy Analysis and Government Accountability from data provided by the Department of Education.

Some of these differences could result from differences in interpretation of the criteria the districts use to determine whether students are eligible for exceptional education programs. Although our review of district placement procedures indicated that districts generally adhere to Department rules in making placement decisions, a Department review indicated that districts vary in the manner in which they apply eligibility criteria for some exceptional education programs. According to the Department review, districts that use partial test scores and standard error of measurement in their placement decisions tend to place a higher percentage of students in exceptional programs than districts that do not consider these factors. Department staff stated that use of partial test scores and the standard error of measurement was acceptable on an individual basis if other criteria indicated that placement in the ESE program was appropriate. While consideration of partial scores and the standard error of measurement might result in over-classifying some students as exceptional, it is also possible that not considering those factors could result in failure to identify some students who should be served in the program.

Districts also vary in the average amount of time they serve exceptional students in the program. Some districts take a traditional approach to serving exceptional students. These districts tend to separate exceptional education students from regular students and provide exceptional education services in separate resource rooms, classrooms, or schools. Other districts try to serve exceptional students in regular classrooms to the maximum extent possible. In these districts, exceptional students are "pulled out" of the regular classroom less often than in districts that take the traditional approach. In 1995-96, the average percentage of time the 67 districts served exceptional students in settings other than the regular classroom ranged from 36% to 69%.

A school district that provides students exceptional education services for a greater percentage of the school week receives more Florida Education Finance Program (FEFP) funding than another district that provides those services for less time. Exceptional student education services are more expensive than basic education services. Therefore, districts receive more FEFP funding for serving students in the Exceptional Student Education Program than they do for serving them in basic programs. However, districts currently receive the higher level of funding only for the time they provide exceptional education services. Exhibit 5 provides three examples illustrating how district variation in the average amount of time disabled students are served in the Educable Mentally Handicapped Program affects FEFP funding for that program. Although this variation largely results from different district philosophies on how to best meet the educational needs of exceptional students, it suggests that placement decisions based on some districts' philosophies may be more cost-effective than other districts' decisions based on different philosophies.

Exhibit 5
Districts That Serve
Educable Mentally Handicapped Students for Greater Amounts of Time
Receive More FEFP Funding Per Student

District	Percent of Week Served in EMH Program	FEFP Revenue Per EMH Student Served
Large		
Hillsborough	99%	$6,248
Palm Beach	88%	5,682
Medium		
Bay	98%	6,005
Citrus	77%	4,761
Small		
Baker	94%	5,782
Walton	74%	4,791

Source: Developed by the Florida Legislature, Office of Program Policy Analysis and Government Accountability from data provided by the Department of Education

Neither the Department of Education nor the districts have developed a system to evaluate effectiveness of the ESE Program and, therefore, they cannot determine which approaches are most cost-effective. However, the Department has begun development of performance measures to evaluate program performance.

The State Board of Education has adopted performance standards related to Goal 3 of Blueprint 2000 developed by the Department of Education (the Sunshine State Standards) for basic education students. However, the State Board has not adopted comparable performance standards for exceptional education students. As a consequence, the Department cannot compare two demographically similar districts to determine whether District A that serves more students in the ESE Program and provides ESE services for longer times than District B achieves better outcomes for their ESE students.

Although the Department of Education has not developed ESE performance standards for the state, it has done some work with districts in the area of developing performance standards for ESE students. In 1992, the Department contracted with Duval County Public Schools to establish a project titled "Performance Assessment System for Students with Disabilities" (PASSD) to develop standards appropriate for assessing performance of students with moderate and severe disabilities. The PASSD project developed a set of eight "Functional Performance Expectations" for students with moderate disabilities and a set of five "Participatory Performance Expectations" for students with severe disabilities. Department staff reported that the PASSD model was subsequently modified to establish another set of performance expectations for students with mild disabilities, but who should not be expected to meet the Sunshine State Standards adopted by the State Board of Education. Staff further stated that several districts were currently conducting a pilot test of the modified PASSD model.

Alternative strategies for allocating funds to exceptional student education programs could influence the manner in which districts provide services.

The Department of Education has concerns that the state's method for distributing FEFP funds encourages districts to provide exceptional student education services in more restrictive settings than necessary. Formal studies do not compare the cost-effectiveness of exceptional education services provided within or outside of the regular classroom, but some educational experts believe that exceptional student education services provided in the regular classroom can cost less than services provided in separate settings. However, since districts in Florida now receive little additional FEFP funding for serving exceptional students in the regular classroom, changes in the distribution formula would be needed if more ESE students are to be placed in that setting. Some Florida educators believe that the FEFP currently rewards districts for removing exceptional students from the regular classroom.

Consequently, the Department recommended changing the manner for distributing FEFP funds to school districts. Under the Department recommendation, districts would classify exceptional students in one of five categories based on the amount of services needed by each student. The state would then distribute FEFP funds based on the number of students districts served in each of the five categories times the average cost of serving students in that category. A district would receive more funding for a student categorized as

needing more intensive services. However, for students within a given category, the district would receive the same amount of funding for providing exceptional education services in the regular classroom as they would for providing services in other settings.

In response to the Department's recommendation, the Legislature authorized a pilot program in fiscal years 1994-95 through 1996-97 to test the new method of distributing FEFP funds for exceptional student education programs in a group of districts. The legislature indicated in the 1996-97 General Appropriations Act that it would fully implement this new method of distributing FEFP funds in 1997-98.

The new method for distributing FEFP funds has advantages and disadvantages. Its primary advantage is that it removes the financial incentive for districts to serve exceptional students outside of the regular classroom. However, the major disadvantage is that it does not remove any incentive districts may have for over-classifying some students as exceptional or for placing children in categories with higher levels of funding.

An added disadvantage of the new method is that it will appear to increase the number of full-time equivalent students in the exceptional education program and the per-student costs of the program. This is because students who now receive exceptional education services part-time in settings other than the regular classroom are not counted as full-time exceptional students as they will be under the new distribution formula. Further, under the new funding method the basic education funds used to serve them in the regular classroom will be allocated to exceptional education rather than to basic education programs. Thus, exceptional education funds will be used to serve exceptional students even when those students are in basic education classes.

Some other states have implemented another alternative method for distributing funds for exceptional student education programs. These states base exceptional student education funding allocations on the total number of all students a district serves. This population-based allocation method assumes that the percentage of students who are eligible for exceptional education programs does not vary by district. However, in Florida some district student populations include a larger percentage of students living in poverty than others and, therefore, are likely to have more students in need of exceptional education services. Consequently, some experts have recommended that population-based allocation systems include adjustments for poverty and other demographic characteristics that affect the percentage of students with exceptionalities.

The population-based method for allocating funds for exceptional student education programs also has advantages and disadvantages. Its primary advantage is that it removes financial incentives districts might have for over-classifying students as exceptional and for providing exceptional education services outside of the regular classroom. Its primary disadvantages are that:

- It could create financial incentives for districts to under-serve exceptional students; and
- ESE funding would be separated from the FEFP and handled as a categorical program.

The population-based method would be complicated by shifting demographics and growth patterns.

Conclusions and Recommendations

The costs of exceptional education programs have risen both in Florida and nationally due to an increase in the number of students in such programs. Most of this increase resulted from greater public expectations for public education and the growing number of students living in poverty. However, if districts did over-classify students as exceptional or provide exceptional education services for longer periods of time that would also contribute to the high costs of exceptional education programs. Furthermore, since the Department has not developed a method for determining the effect of exceptional education on student performance, it cannot determine which district programs are more cost-effective. We recommend that the Department continue to develop performance measures and standards for exceptional education programs.

To encourage districts to provide more of their exceptional education services in the regular classroom,

the Department of Education has recommended a new method for allocating exceptional education funding to school districts. The Legislature has stated its intention to implement that method of funding during the 1997-98 school year. Although this allocation method creates a financial incentive for districts to provide more cost-effective exceptional student education services, it will not remove the incentive for districts to over-classify students as exceptional or place them in categories with higher levels of funding.

To ensure that districts appropriately classify students as exceptional and place these students in appropriate categories, we recommend that the Department continue to provide districts with technical assistance on the placement and categorization of exceptional students and closely monitor district performance. After the Legislature implements the new allocation formula, it should require the Department to submit periodic reports on the new allocation method's effect on district placement, categorization, and service delivery methods. If districts are not using consistent placement and categorization standards and procedures, the Legislature may wish to consider moving toward a population-based allocation procedure.

Agency Response

In accordance with s. 11.45(7)(d), F.S., we provided our preliminary and tentative review findings to the Secretary of the Department of Education for his review and response. We have incorporated into our report the Department's response as presented below.

Thank you for the opportunity to meet with your staff to review the draft report, Exceptional Student Education Program Administered by the Department of Education. This report depicts some of the issues and challenges confronting programs for exceptional students in Florida and throughout the nation and some of the Department's corresponding efforts.

Based on our review, we offer the following:

- The statement, "....under the new funding method the basic education funds used to serve them in the regular education classroom will be allocated to exceptional education rather than to basic education programs ..." found on page 9 is misleading. While it is true that under the revised funding model, the FTE previously generated in the basic cost factor programs is now shifted to the new cost factors (Support Levels 1-5), the allocation of funds, at the local level, will continue to support the needs of exceptional students while they are in basic education classes.

- In response to the recommendation listed on page 9, the Department of Education does not support the consideration of a population-based funding model for Florida's exceptional students. We believe that the revised funding model for these programs will lead to improved student outcomes and address many of the issues discussed in the report.

This project was conducted in accordance with applicable evaluation standards. Copies of this report may be obtained by telephone (904/488-1023 or 800/531-2477), by FAX (904/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302).

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